



City of Seattle
Human Services Department

DATE: September 23, 2011

TO: Housing, Human Services, Health and Culture Committee
Councilmember Nick Licata, Chair
Councilmember Sally Clark
Councilmember Tom Rasmussen

FROM: Dannette R. Smith
Director

Michael Look
CDBG Administrator

SUBJECT: Proposed 2012 Update to the Consolidated Plan

At your September 28th meeting, staff from the Human Services Department, the Office of Housing, and the Office of Economic Development will brief you on proposed legislation regarding anticipated 2012 revenue and proposed funding allocation plans for the following federal programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership
- Emergency Solutions Grant Program (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)

Collectively these four programs are known as the Consolidated Plan funds and their uses are governed by the City's 2009 – 2012 Consolidated Plan for Housing and Community Development, as amended. Every year, HSD's CDBG Administration Office develops and submits an Update and spending plan to the U.S. Department of Housing and Urban Development. This Update serves as our application for these funds.

Given the deliberations about the 2012 federal budget, and the commitment of Congress and the President to reduce federal domestic discretionary spending, we approached our revenue estimates for 2012 with substantial caution, balancing the desire to not unnecessarily disrupt existing programs and services and yet planning prudently. For CDBG and HOPWA we opted to plan for a 5% reduction from the amount we received in 2011; for HOME, we are planning for a 10% reduction. The ESG program, on the other hand, is expected to remain at a level amount.

Program	2012 Estimate	2011 Actual	Change
CDBG – allocation from HUD	\$10,200,000	\$10,729,471	-5%
CDBG – program income & reprogrammed funds	\$1,108,551	\$1,229,381	-9.8%
HOME– allocation	\$3,659,311	\$4,065,901	-10%
HOME – program income	\$1,000,000	\$1,000,000	0%
ESG – allocation from HUD*	\$735,068	\$735,068	0%
HOPWA – allocation from HUD	\$1,719,000	\$1,809,798	-5%
TOTAL FUNDS	\$18,421,930	\$19,569,619	-5.9%

*2011 amount is still “anticipated” as HUD will allocate the 2011 amount in two phases

In 2012 these funds will be used to continue to support the priorities as mentioned on the 2009 – 2012 Consolidated Plan:

- Support the Ten-Year Plan to End Homelessness by funding operating costs for emergency shelter and transitional housing, and related services, for homeless families and individuals and those at risk of homelessness.
- Develop and preserve affordable housing.
- Support the revitalization of the Rainier Valley via the Rainier Valley Community Development Fund.

In anticipation of the reduced funds for the CDBG and HOME programs, the 2012 Update proposes to reduce support to administrative staffing in CDBG Administration and in the Office of Housing, to reduce support to one-time capital (affordable housing) programs, and delay payments to the Rainier Valley Community Development Fund. Support for homeless services and homelessness prevention services must also be reduced to comply with federal spending limit regulations. The attached Table 1 provides detail on the specific program reductions that are proposed in the 2012 Update.

The 2012 Update also includes a restatement and update of the Residential Antidisplacement and Relocation Assistance Plan that identifies the steps the City will take to minimize displacement of people from their homes and neighborhoods as a result of projects funded with CDBG and/or HOME funds, and to affirm that the City will comply with the requirements for relocation assistance and one-for-one replacement under Section 104(d) of the Housing and Community Development Act of 1974 (“Section 104(d)”). The Housing, Human Services, Health & Culture Committee was briefed on the purpose and content of the relocation plan at the September 14, meeting.

Finally, minor and technical changes to the housing policies and the HOPWA policies are contained in Section 5 of the 2012 Update. Particularly with the housing policies, these changes clarify the applicability of funding and conform the policies to those governing the 2009 Housing Levy.

If you have any questions on this proposed legislation, please contact Michael Look at 615-1717.

TABLE 1

Reduction	2012 Endorsed	2012 Proposed Reduction	Considerations
CDBG PROGRAM			
CDBG Emergency Shelter and Transitional Housing (HSD)	\$3,930,031	(\$872,580)	Leaves \$3,057,451; the Mayor's proposed General Fund budget for HSD will provide for a full backfill of the lost CDBG.
CDBG Administration (HSD and OH)	\$1,278,645	(\$196,288)	Eliminates funding for 1.0 FTE, reduces funding for another 1.0 FTE, and reduces or eliminates temporary help and various operating line items.
CDBG Homebuyer Programs	\$92,712	(\$92,712)	Overall funding for the program remains strong, as the 2009 Housing Levy, HOME, and other funding will provide for almost \$2.5 million for the program in 2012.
CDBG Multi Family Capital	\$1,194,622	(\$683,128)	Leaves a balance of \$511,494; when combined with Housing Levy, HOME, and other funding, over \$24 million will be available to OH for this program in 2012.
CDBG Defer RVCDF Support	\$4,230,000	(\$912,500)	No impact to service delivery is expected, as payment for one-time business loans and capital development will be deferred until 2013.
CDBG Program Income		\$25,000	Net increase in anticipated CDBG Program Income for various homebuyer and multifamily capital projects
TOTAL CDBG REDUCTION		\$2,742,208	
HOME PROGRAM			
HOME Homebuyer Programs	\$1,494,239	(\$164,490)	Overall funding for the program remains strong, as the 2009 Housing Levy, remaining HOME allocation, and other funding will provide for almost \$2.5 million for the program in 2012.
HOME Rental Housing Preservation & Development	\$3,452,024	(\$488,393)	Leaves a balance of \$511,494; when combined with Housing Levy, remaining HOME allocation, and other funding, over \$24 million will be available to OH for this program in 2012.
HOME Administration	\$438,473	(\$72,542)	Administrative reductions will be absorbed within the program
HOME TOTAL REDUCTION		(\$725,425)	